



MKS PAMP GROUP

Daily Asia Wrap

6th October 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1268.40/80	16.60/63	911/14	937/39
HIGH	1269.40/80	16.62/65	915/18	939/41
LOW	1267.00/40	16.55/58	910/13	936/38
LAST	1267.40/80	16.60/63	912/15	938/40

MARKETS/MACRO

The US House of Representatives passed a 2018 budget resolution, a step toward implementation of the Republican's planned tax overhaul. The Republicans plan to pass their tax plan through a budget reconciliation, which requires just a simple majority in the Senate. In US economic data released overnight, the US trade deficit fell 2.7% to \$42.4 billion in August from \$43.6 billion in July. A 0.4% increase in exports to \$195.3 billion, largely attributed to higher drugs, semiconductors, and telecommunications equipment, was the driver behind the widening deficit. Imports saw a modest decrease of 0.1% to \$237.7 billion. Factory orders rose 1.2% in August following the heavy 3.3% decline in July. The increase in durable goods orders for August was revised upwards to 2%, while orders for non-defense capital goods, excluding aircraft, increased 1.1%. Initial jobless claims decreased by 12k to 260k in the week ending September 30, continuing jobless claims fell to 1.94M. US equities extended their winning streak as all three major bourses closed at record levels. The Dow added 114.16 points, or 0.50%, to 22,775.80; the S&P 500 rose 13.75 points, or 0.54% to 2,551.49, and the Nasdaq put on 50.73 points, or 0.78%, to 6,585.356. There were wins for tech (+1.06%) and financials (+0.99%) while utilities (-0.12%) and telecoms (-0.11%) were the only laggards. European shares were mostly higher amid the continued political turmoil in Spain, the EuroSTOXX advanced 0.63 points, or 0.16%, to 391.03, the German DAX inched lower 2.47 points, or 0.02%, to 12,968.05, and the London FTSE 100 gained 40.41 points, or 0.54%, to 7,507.99. In currency majors, the US dollar index climbed 0.54% to 93.962 as recent data points to solid growth in the US economy. The EUR traded down to 1.1701 while USD/JPY traded up to 112.87. US treasury yields were higher, the 2 year yield firmed 1.62 bps to 1.4873% and the 10 year yield added 2.33 bps to 2.3462%. In commodities news, oil prices rallied on talk that OPEC members could extend production cuts until the end of 2018, Brent rose 2.13% to \$56.99 and WTI lifted 1.52% to \$50.74. Base metals were mixed, copper rose (+2.74%) while nickel (-0.75%) led the losses. In Asia today, as I write the Nikkei sits at +0.17%, the Shanghai composite is at +0.28%, the Hang Seng at +0.36%, and the ASX S&P 200 at +0.87%. All eyes on the US tonight for the important non-farm payrolls data, we also have unemployment rate, average hourly earnings, wholesale inventories, and consumer credit out of the US; and factory orders out of Germany.

PRECIOUS

A dispiriting session for the precious with the stronger US dollar and further records in the equities markets providing a stiff headwind. Gold opened at \$1275 in Asia and remained range-bound through a quiet trading day as the Chinese holidays continued. London were on the bid from the opening bell, propelling the market to the high of \$1278 during the AM session. NY were sellers from the outset, the greenback rally, fuelled by positive data from the Commerce Department, ensured a steady decline for the yellow metal. Gold closed below \$1270 for the first time in almost two months. Silver attempted a move higher, reaching a high of \$16.72 during early NY trade, but was sold back down to the opening levels on the firming dollar. Once again palladium found favour with investors, climbing \$15 to close near the highs at \$939. The Philadelphia



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gold and silver index lost 0.52%. The SPDR Gold Trust holdings fell 0.38% to 851.06 metric tonnes. More quiet trading in Asia today as the Chinese enjoy the final day of their Golden Week holiday. Gold opened at \$1268.40 and has remained within a tight \$2 range with very little going through. The yellow metal is at \$1267.40 as I write. Silver is range-bound also, the grey metal sits at \$16.60 as I write. PGM's are flat also, with platinum and palladium sitting at \$912 and \$938 respectively. Investors will be casting a keen eye on tonight's non-farm payroll data release, given the relative strength in equities and the dollar, a strong NFP reading could have gold testing the 200 dma level at \$1252. Have a good day ahead.

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